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OFFICE OF PETITIONS

DECISION ON PETITION

In re Patent No. 5,714,459 :
Issue Date: February 3, 1998 :
Application No. 08/484,594 :
Filed: June 7, 1995 :
Attorney Docket No. 12346/46004 :

This is a decision is in response to the petition under 37 CFR 1.378(b), filed April 26, 2005, and resubmitted on December 8, 2005, to accept the delayed payment of the maintenance fee for the above-identified patent.

The petition is **dismissed**.

If reconsideration of this decision is desired, a petition for reconsideration under 37 CFR 1.378(e) must be filed within TWO (2) MONTHS from the mail date of this decision. No extension of this two-month time limit can be granted under 37 CFR 1.136(a) or (b). Any such petition for reconsideration must be accompanied by the petition fee of \$400.00 as set forth in 37 CFR 1.17(f). The petition for reconsideration should include an exhaustive attempt to provide the lacking item(s) noted below because the Director will not undertake any further reconsideration or review of the matter after a decision on the petition for reconsideration.

The patent issued on February 3, 1998. The first maintenance fee could have been paid during the period from Monday, February 5, 2001 through August 3, 2001 or with a surcharge during the period from August 4, 2001 through Monday, February 4, 2002. Accordingly, this patent expired on February 4, 2002, for failure to timely remit the maintenance fee.

DISCUSSION

Petitioners explained that Myelos Corporation ("Myelos") is a wholly owned subsidiary of Savient Pharmaceuticals, Inc. formerly known as Bio-Technology General Corp. ("BTG"). Myelos is the assignee of the entire interest in the patent. BTG acquired Myelos on March 19, 2001. Myelos merged with and into Mlys Acquisition Corp. Knobbe, Martens Olson & Bear, LLP ("Knobbe") was

outside patent counsel for Myelos. As part of the transactions, responsibility for the patent portfolio of Myelos was transferred to Kenyon & Kenyon ("Kenyon") and BTG.

Petitioners stated that on or about October 25, 2001, the physical files that were transferred to Kenyon. Thereafter, Kenyon reviewed the outstanding deadlines and docketed items. Petitioners asserted that the patent file contained a status summary sheet dated October 22, 2001, indicating that the first maintenance fee had been paid. Petitioners explained that the status summary sheet showed that an action was taken on "02-Aug-2001" for a deadline of "03-Aug-2001." Further, petitioners stated that the patent file contained a Maintenance Fee Reminder mailed to Knobbe on August 28, 2001, which was docketed on September 24, 2001, for a 3.5 year maintenance fee with surcharge due February 3, 2002. Copies of the status sheet and the Reminder accompany the present petition.

Prior to the transfer of the patent file, Robert M. Shaw, former patent counsel for BTG sent a letter to Kenyon, in which he enclosed letters from Knobbe to BTG regarding various Myelos patent applications to which BTG had not responded. Petitioners submitted a copy of the first page of one of the aforementioned letters dated September 7, 2001, from Eric S. Furman, Ph.D. of Knobbe to Shaw, requesting instructions for the payment of the maintenance fee for the subject patent. The letter contained the handwritten word "Paid." Petitioners averred that this letter apprised Kenyon that the maintenance fee had been paid by October 11, 2001 (before the patent file was transferred to Kenyon). Based on Kenyon's belief that the first year maintenance fee had been paid by Knobbe, Kenyon docketed a deadline for the second maintenance, which was due on August 3, 2005. Copies of the relevant records maintained by Kenyon, including the Patent Jacket Data Sheet, accompany the petition.

Petitioners explained that from the time of the transfer of the Myelos patent portfolio (*i.e.* on or about October 25, 2001) to December of 2003, Shaw provided instructions to Kenyon on matters relating to Myelos. Thereafter, Bio-Technology General (Israel) Ltd. (BTGIL) was responsible for providing instructions to Kenyon. Petitioners further explained that during the preparation for an internal reorganization, BTGIL learned on March 31, 2005, from the USPTO website that the patent expired. Upon learning this information, Kenyon investigated the matter and contacted Knobbe to determine whether it received any correspondence from the USPTO regarding the expiration of the patent.¹ Petitioners asserted that under Knobbe standard procedure, it would have forwarded any correspondence to Kenyon; however, Knobbe maintained that it did not receive any such correspondence from the USPTO. Petitioners contended that in the absence of any notification that the patent had expired until the assignee learned of its expiration and notified Kenyon; the delayed payment of the maintenance fee was unavoidable.

¹ Until the filing of the petition, the correspondence address of record remained with Knobbe, Martens, Olson & Bear, LLP of Newport Beach, CA. Petitioners filed a change of correspondence address to Kenyon & Kenyon of New York, NY, which has been made of record.

ANALYSIS

37 CFR 1.378(b) provides that a patent may be reinstated at any time following expiration of the patent for failure to timely pay a maintenance fee. A grantable petition to accept a delayed maintenance fee payment under 37 CFR 1.378(b) must include the following:

(1) the required maintenance fee set forth in 37 CFR 1.20(e) - (g);

(2) the surcharge set forth in 37 CFR 1.20(i)(1); and

(3) a showing that the delay was unavoidable since reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent.

The petition lacks item (3).

The required showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date and the manner in which patentee became aware of the expiration of the patent, and the steps taken to file the petition promptly. Furthermore, an adequate showing requires a statement by all persons with direct knowledge of the cause of the delay, setting forth the facts as they know them. Copies of all documentary evidence referred to in a statement should be furnished as exhibits to the statement.

As 35 U.S.C. 41(c) requires the payment of fees at specified intervals to maintain a patent in force, rather than some response to a specific action by the Office under 35 U.S.C. 133, a reasonably prudent person in the exercise of due care and diligence would have taken steps to ensure the timely payment of such maintenance fees. *Ray v. Lehman*, 55 F.3d 606, 609, 34 USPQ2d 1786, 1788 (Fed. Cir. 1995). That is, an adequate showing that the delay in payment of the maintenance fee at issue was "unavoidable" within the meaning of 35 U.S.C. 41(c) and 37 CFR 1.378(b)(3) requires a showing of the steps taken to ensure the timely payment of the maintenance fees for this patent. *Id.* Thus, where the record fails to disclose that the patentee took reasonable steps, or discloses that the patentee took no steps, to ensure timely payment of the maintenance fee, 35 U.S.C. 41(c) and 37 CFR 1.378(b)(3) preclude acceptance of the delayed payment of the maintenance fee under 37 CFR 1.378(b).

Acceptance of a late maintenance fee under the unavoidable delay standard is considered under the same standard for reviving an abandoned application under 35 U.S.C. § 133. This is a very stringent standard. Decisions on reviving abandoned applications on the basis of "unavoidable" delay have adopted the reasonably prudent person standard in determining if the delay was unavoidable:

The word 'unavoidable' . . . is applicable to ordinary human affairs, and requires no more or greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business. It permits them in the exercise of this care to rely upon the ordinary and trustworthy agencies of mail and telegraph, worthy and reliable employees, and such other means and instrumentalities as are usually employed

in such important business. If unexpectedly, or through the unforeseen fault or imperfection of these agencies and instrumentalities, there occurs a failure, it may properly be said to be unavoidable, all other conditions of promptness in its rectification being present.

In re Mattullath, 38 App. D.C. 497, 514-15 (1912) (quoting Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)); see also Winkler v. Ladd, 221 F. Supp. 550, 552, 138 USPQ 666, 667-68 (D.D.C. 1963), aff'd, 143 USPQ 172 (D.C. Cir. 1963); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (1913). In addition, decisions on revival are made on a "case-by-case basis, taking all the facts and circumstances into account." Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982). Finally, a petition cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was "unavoidable." Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987). Moreover, patentee's lack of knowledge of the need to pay the maintenance fee and the failure to receive the Maintenance Fee Reminder do not constitute unavoidable delay. See Patent No. 4,409,763, 7 USPQ2d 1798 (Comm'r Pat. 1988).

The general standard applied by the Office requires a petitioner to establish that the patentee or his successors in interest treated the patent the same as a reasonable and prudent person would treat his most important business. Smith v. Mossinghoff, 671 F.2d 533, 538 213 USPQ 977, 982 (D.C. Cir. 1982). In determining whether the delay in paying a maintenance fee was unavoidable, one looks to whether the party responsible for payment of the maintenance fee exercised the due care of a reasonably prudent person. Ray v. Lehman, 55 F.3d 606, 608-609, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995). The patent owner at the time of the expiration of the patent is ultimately the person responsible to ensure the timely payment of the maintenance fees. The patent owner may engage another to track and/or pay the maintenance fees; however, merely engaging another does not relieve the patent owner from his obligation to take appropriate steps to ensure the timely payment of such maintenance fees. See California Medical Prods. v. Tecnol Medical Prods., 921 F. Supp. 1219, 1259 (D. Del. 1995) Moreover, the U.S. Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the applicant, and applicant is bound by the consequences of those actions or inactions. Link v. Wabash, 370 U.S. 626, 633-34 (1962); Huston v. Ladner, 973 F.2d 1564, 1567, 23 USPQ2d 1910, 1913 (Fed. Cir. 1992). Specifically, petitioner's delay caused by the actions or inactions of his voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 USC 133 or 37 CFR 1.137(a). Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (D. Ind. 1987; see also Winkler v. Ladd, 221 F. Supp. 550, 552, 138 USPQ 666, 667-68 (D.D.C. 1963), aff'd, 143 USPQ 172 (D.C. Cir. 1963) (delay caused by a failure to act by or on behalf of the party in interest at the time the action needs to be taken is binding on the successor in title).

Initially, the Office notes that during the period from the first day the maintenance fee could have been paid on Monday, February 5, 2001 to October 25, 2001, Knobbe was responsible for the maintenance of the patent. From October 25, 2001 until Monday, February 4, 2002, the responsibility for maintaining the patent transferred to Kenyon.

In the present petition, it appears that Kenyon is asserting that delay was caused by a docketing error on the part of Knobbe, which led Kenyon to believe that Knobbe paid the first maintenance fee. An error in a docketing system could possibly result in a finding that a delay in payment was unavoidable if it were shown that reasonable care was exercised in designing and operating the system and that the patentee took reasonable steps to make sure that the patent was entered into the system to ensure timely payment of the maintenance fees.

Specifically, a delay resulting from an error (e.g., a docketing error) on the part of an employee in the performance of a clerical function may provide the basis for a showing of "unavoidable" delay, provided it is shown that:

- (A) the error was the cause of the delay at issue;
- (B) there was in place a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance; and
- (C) the employee was sufficiently trained and experienced with regard to the function and routine for its performance that reliance upon such employee represented the exercise of due care. See MPEP 711.03(c)

Petitioners did not submit any statements from Shaw, Furman or any employee of Knobbe to explain what errors may have occurred in docketing the maintenance fees that would have led Kenyon to believe that the first maintenance fee was timely paid. In any renewed petition, petitioners must obtain statements from Shaw, Furman, and any other party with knowledge of Knobbe's docketing system, setting forth any errors in its performance. Specifically, petitioners should try to obtain a statement from the person who indicated "Paid" in handwriting on the letter from Furman to Shaw. If the error was on the part of an employee in the performance of a clerical function, petitioners must provide the USPTO with information regarding the employee's training and experience, as well as the level of supervision of his or her work.

The record does not show that petitioners or Kenyon diligently inquired with Knobbe or the USPTO as to the status of the patent and maintenance fee payment. The Office notes that petitioners asserted that Knobbe's status summary sheet indicated that the first maintenance fee had been paid because the sheet showed that an action was taken on "02-Aug-2001" for a deadline of "03-Aug-2001." However, a review of the status summary sheet revealed that the action taken on August 2, 2001, was listed as "Tax 3.5," not payment of the maintenance fee. This information conflicted with the information indicated on the Maintenance Fee Reminder, which was docketed on September 24, 2001, for a 3.5-year maintenance fee with surcharge due February 3, 2002. Furthermore, the handwritten annotation "Paid" appeared on one of the letters, which Shaw stated that BTG had not yet responded. More importantly, this letter of September 7, 2001, indicated that a maintenance fee payment must be submitted to the USPTO by February 3, 2002, to maintain the patent.

It is unclear why this conflicting information, as well as a handwritten annotation, "Paid," did not prompt Kenyon to examine whether the information was correct and if the maintenance fee was paid timely. The record reveals that Kenyon did not take any steps to independently investigate the status of the patent, but rather relied solely on the transferred file from Knobbe. This inaction does not

reflect the due care and diligence exercised by a prudent and careful person with respect to his or her most important business, and as such, does not demonstrate unavoidable delay. Rather, a prudent person would have taken actions to ensure that the services of Knobbe were timely performed as specified in the patent portfolio. Curiously, BTGIL became aware of the expiration of the patent from the USPTO website during its reorganization; however, Kenyon did not provide an explanation as to why its was unavoidable prevented from determining the patent's status to ensure the timely payment of the maintenance fee.

As previously stated, petitioners contented that in the absence of any notification that the patent had expired until the assignee learned of its expiration and notified Kenyon; the delayed payment of the maintenance fee was unavoidable. The Office reminds petitioners that pursuant to the maintenance fee statutes, the USPTO has no duty to notify patentees when their maintenance fees are due. Rydeen v. Quigg, 748 F. Supp. 900, 16 USPQ2d 1876 (D.D.C. 1990). The USPTO will attempt to provide notices as reminders that maintenance fees are due, but the notices, errors in the notices, or the lack of notices, will in no way relieve a patentee from the responsibility to make timely payment of each maintenance fee to prevent the patent from expiring by operation of law. Id. Maintenance fee notices provided by the USPTO are merely courtesy in nature and intended to aid patentees. These notices, errors in these notices or lack of notices, will in no way shift the burden of monitoring the time for paying maintenance fees on patents from the patentee to the USPTO.

The showing of record is inadequate to establish unavoidable delay within the meaning of 37 CFR 1.378(b). Accordingly, the petition is dismissed.

The second maintenance fee payment was due on February 3, 2006. Accordingly, the Office will charge the \$1,150.00 fee to the Deposit Account, as authorized.

Petitioners should note that if this petition is not renewed, or if renewed and not granted, then the maintenance fees and post expiration surcharge are refundable. The \$400.00 petition fee for seeking reconsideration is not refundable. Any request for refund should be in writing to the following address:

Mail Stop 16
Director of the US Patent and Trademark Office
PO Box 1450
Alexandria, VA 22313-1450

A copy of this decision should accompany petitioners' request.

Further correspondence with respect to this matter should be addressed as follows:

By mail: Mail Stop Petition
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Patent No. 5,714,459
Application No. 08/484,594

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By FAX: (571) 273-8300
Attn: Office of Petitions

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Telephone inquiries concerning this matter may be directed to the undersigned at (571) 272-3211.

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